

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER AND LIGHT COMPANY	DOCKET NO. EEP-02-38
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ORDER CONTINUING HEARING

(Issued July 1, 2004)

On February 26, 2004, the Utilities Board (Board) issued an order that, among other things, set a procedural schedule regarding Interstate Power and Light Company's (IPL) proposed changes to its interruptible service credits. A hearing was set to begin on July 7, 2004.

In reviewing the prefiled testimony regarding the interruptible service credits, the Board became concerned that certain fundamental questions did not appear to be adequately addressed in either IPL's proposal or the responses thereto. For example, the testimony indicates that IPL primarily interrupts participating customers during times when transmission loading relief (TLR) requests are received by IPL. However, when the Midwest Independent Transmission System Operator, Inc. (MISO), implements its new market structure next spring that includes locational marginal pricing, it appears, at least on the surface, that the need for using the interruptible program during times of TLRs will end or be greatly diminished. The

prefiled testimony submitted by IPL does not contain a discussion or projections on the impact of LMP on the issuance of TLRs and the interruptible program.

Because the interruptible program is primarily being used at the present time to provide TLR relief, it is also not clear from the prefiled testimony whether the program has any remaining value for IPL during periods of peak demand. In particular, no quantification has been provided on the impact of the addition of IPL's new Emery generating plant on IPL's ability to meet peak demand and the role that the interruptible program continues to play. The Board has questions regarding the continuing role of IPL's interruptible program in its energy efficiency portfolio if its only use is to meet TLR requests.

The Board believes that information on these fundamental questions must be provided before this case is ready to proceed to hearing. Therefore, the Board will continue the hearing scheduled for July 7, 2004. A new hearing date will not be set at this time, but the Board intends to issue subsequent orders requiring answers to specific questions, particularly regarding the impact of the MISO markets and locational marginal pricing on the need for TLR relief. The Board may also schedule a technical conference for the parties and the Board's staff to explore these issues in a less formal setting. If such a conference is scheduled, the Board hopes to have a MISO representative present to explain the impact of LMP on the need for TLRs.

IT IS THEREFORE ORDERED:

The hearing scheduled for July 7, 2004, is continued, subject to further order of the Board.

UTILITIES BOARD

/s/ Diane Munns

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 1st day of July, 2004.